

UNITED STATES DEPARTMENT OF AGRICULTURE

FISCAL YEAR 2001 AND REVISED FISCAL YEAR 2000 ANNUAL PERFORMANCE PLANS

OVERVIEW

USDA MISSION: Enhance the quality of life for the American people by supporting production agriculture; ensuring a safe, affordable, nutritious, and accessible food supply; caring for agricultural, forest, and range lands; supporting sound development of rural communities; providing economic opportunities for farm and rural residents; expanding global markets for agricultural and forest products and services; and working to reduce hunger in America and throughout the world.

On September 30, 1997, the United States Department of Agriculture (USDA) delivered to the Congress, as required by the Government Performance and Results Act (GPRA), a 5-year Strategic Plan to carry out the mission of the Department. This Plan identifies the following goals that the Department wants to achieve to meet the needs of the people it serves.

Goal 1: Expand economic and trade opportunities for agricultural producers and other rural residents.

1.1: Enhance the economic safety net for farmers and ranchers.

1.2: Open, expand, and maintain global market opportunities for agricultural producers.

1.3: Provide access to capital and credit to enhance the ability of rural communities to develop, grow, and invest in projects to expand economic opportunities and improve the quality of life for farm and rural residents.

Goal 2: Ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply.

2.1: Reduce hunger by assuring low-income households access to adequate supplies of nutritious food.

2.2: Reduce the incidence of foodborne illness and ensure that commercial supplies are safe and wholesome.

2.3: Promote gleaning and other food recovery programs.

2.4: Improve dietary practices and promote a healthy, well-nourished population through nutrition education and research.

2.5: Enhance world food security and assist in the reduction of world hunger.

Goal 3: Promote sensible management of our natural resources.

3.1: Promote sustainable production of food and fiber products while maintaining a quality environment and strong natural resource base.

3.2: Promote sustainable management of public lands; protect and restore critical forest land, rangeland, wilderness and aquatic ecosystems.

A set of management initiatives designed to provide effective customer service and efficient program delivery support the accomplishment of these goals. The Department's four management initiatives are:

- Ensure that all customers and employees are treated fairly and equitably, with dignity and respect.
- Improve customer service by streamlining and restructuring county offices.
- Create a unified system of information technology management.
- Improve financial management and reporting.

Introduction

In this third Annual Performance Plan submitted in accordance with GPRA requirements, USDA presents its Revised FY 2000 Annual Performance Plan and FY 2001 Annual Performance Plan. The FY 2000 performance plan that was submitted last year with the FY 2000 President's Budget has been revised to reflect the Secretary's priorities, Congressional action, changes in program plans, and other factors.

As in previous submissions, this Plan Overview includes selected performance goals and indicators highlighting the Department's plans to meet its strategic goals. The information in this Overview was extracted from the agency Annual Performance Plans. Detailed information about these performance goals and indicators, including information on means and strategies, verification and validation of data, and crosscutting activities can be found in the agency plans that accompany this Overview.

This Overview also contains economic indicators and general facts about the environment in which USDA programs operate. These statistics are not performance goals for the Department. They are provided to help place in context some of the issues and problems that USDA programs address.

The Department recognizes that successful implementation of GPRA can be a valuable tool for working with the Congress to shape USDA programs, making policy decisions, and improving program management. USDA continues to work diligently to improve its strategic planning and performance management. We are working to improve our performance plans in the following areas: (1) more consistently identifying strategies to mitigate external factors, (2) describing efforts to verify and validate performance data; and (3) describing how USDA will address the management challenges it faces. We are making considerable progress in addressing high risk and management challenges and are trying to better coordinate our response to management problems.

Some of our progress is reflected in this document and the agency plans that accompany it. However, much remains to be done. In order to foster a results orientation at all management levels in the Department, USDA is moving from a compartmentalized approach to a corporate management approach. We believe this significant change in management philosophy is imperative if we are to continue to be an effective and responsive program and service provider. As we enter a new strategic planning cycle, we anticipate qualitative improvements in our ability to plan, monitor, assess and report our performance. These improvements will result in better program management and service delivery, which will be reflected in more cogent Annual Performance Plans and Annual Performance Reports at the agency level, and more concise and coherent Plans and Reports at the Department level.

The Department will need the assistance of the Congress as it proceeds with this effort. We look forward to working with the Congress, our partners, and our many customers and stakeholders in this endeavor.

Plan and Funding Highlights

Faced with increasing demands on USDA's resources due to natural disasters, growing domestic agricultural needs, and international assistance needs, the Secretary developed the following areas for priority attention in FY 2000 and FY 2001.

- Enhance Customer Service
- Ensure Accountability
- Help Farmers Weather the Farm Crisis and Low Prices
- Expand Exports
- Promote Sound Nutrition for America
- Protect the Food Supply
- Promote Housing, Business Programs and Infrastructure Development in Rural America
- Preserve Water Quality
- Conserve Natural Resources

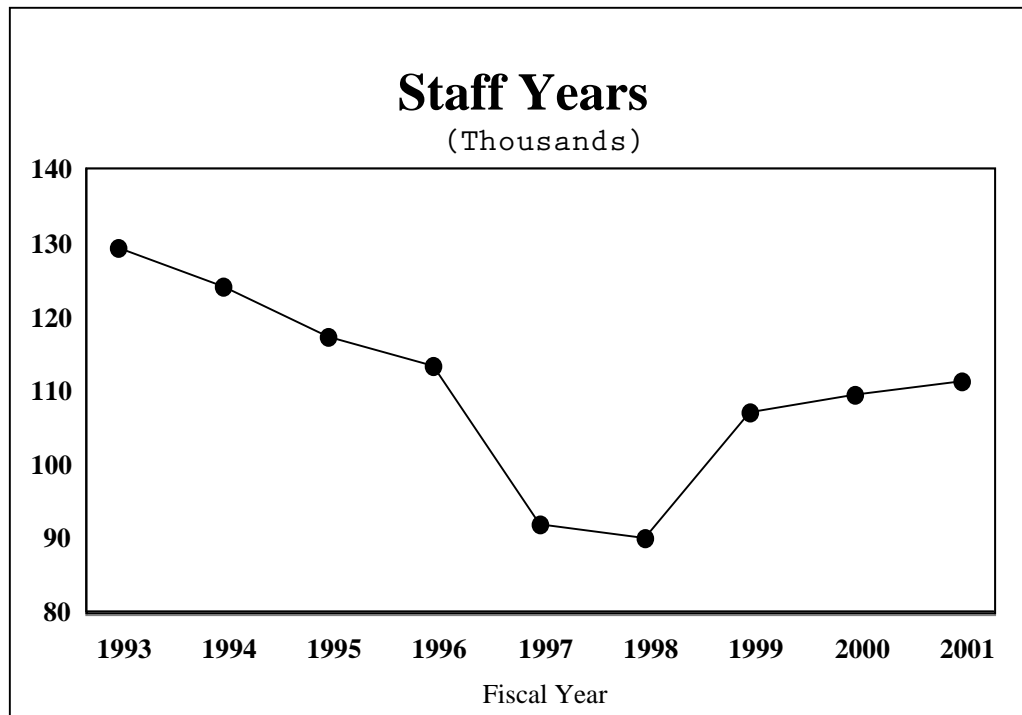
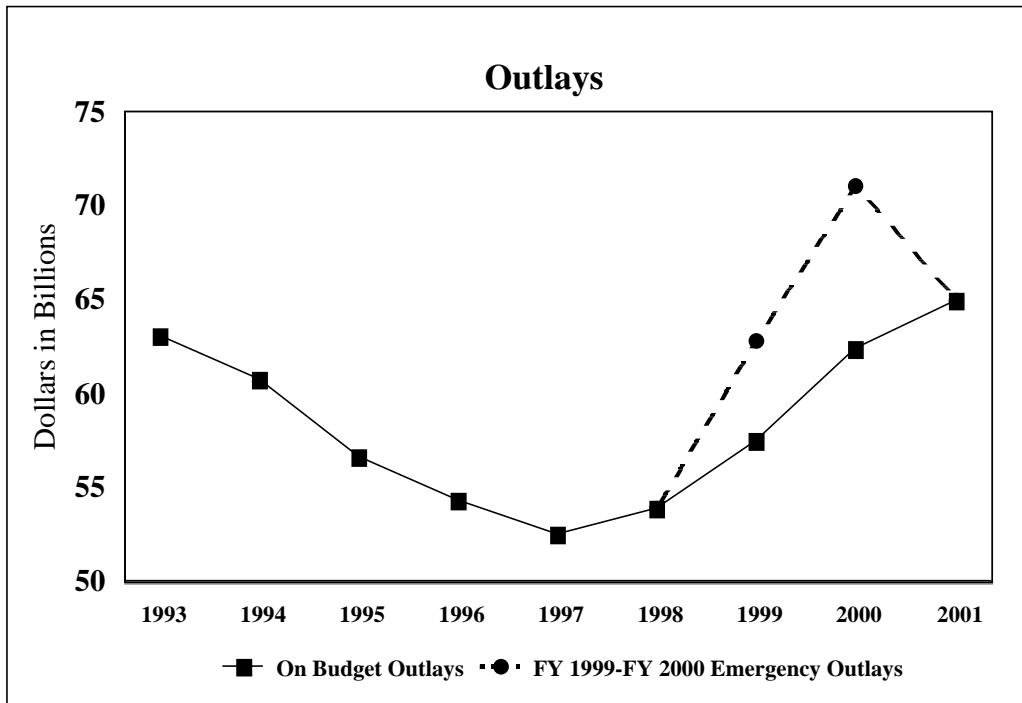
Agencies established specific program or activity priorities within each area. These priorities became the bases for budget requests to enable USDA to fulfill its critical responsibilities supporting American agriculture.

The FY 2001 President's budget supports the achievement of USDA's strategic goals and the Secretary's priorities and provides information on the results to be achieved with the resources being requested. The budget proposes \$66.4 billion in budget authority for USDA in fiscal year (FY) 2001, compared to a current estimate of \$72.3 billion for 2000 and \$67.7 billion for 1999. Budget authority for discretionary spending, which accounts for about 26 percent of USDA total budget authority, increases slightly from \$16.3 billion in 2000 to \$16.7 billion in 2001. USDA's 2001 discretionary program outlays, about \$16.7 billion, or about 26 percent of total USDA outlays, include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development; research and technical assistance; soil and water conservation technical assistance; management of the National Forests and Grasslands; State and Private Forestry Programs; and domestic and international marketing assistance. Mandatory programs account for the remaining 74 percent of USDA outlays, about \$48.2 billion in 2001. These programs provide services as required by law and include the majority of the nutrition assistance programs, commodity programs, and a number of conservation programs.

The centerpiece of USDA's FY 2001 budget request is a new, cost-effective Farm Safety Net that will enhance farm income support, increase environmental benefits, improve risk management, and expand economic opportunities for farms and rural areas. In response to declining prices and natural disasters, significant emergency funding has been provided to USDA in recent years. USDA outlays increased from \$53.9 billion in 1998 to \$62.8 billion in 1999, largely as a result of supplemental funding to address farm income and natural disasters. Additional supplemental funding in 2000, including funding proposed as part of the Farm Safety Net Initiative, and other farm program outlays are projected to increase 2000 outlays by an additional \$8.3 billion to \$71.1 billion. Outlay estimates for 2001, although about \$6.1 billion below the 2000 peak, include the proposed farm income, crop insurance, conservation and other initiatives to improve the Farm Safety Net. Other priorities in the FY 2001 budget include providing economic opportunities for rural Americans, protecting our natural resources and improving the safety of the food supply.

Detailed information regarding the Department's budget proposals and funding levels can be found in the [U.S. Department of Agriculture 2001 Budget Summary](#).

Resource Trends



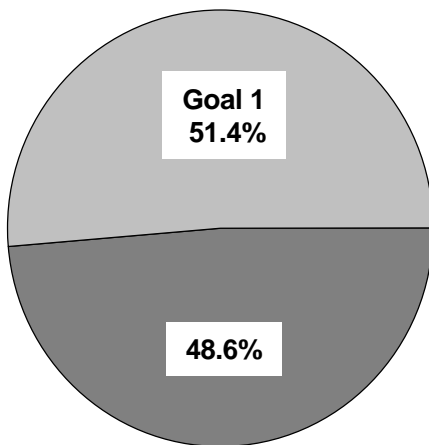
GOAL 1

EXPAND ECONOMIC AND TRADE OPPORTUNITIES FOR AGRICULTURAL PRODUCERS AND OTHER RURAL RESIDENTS

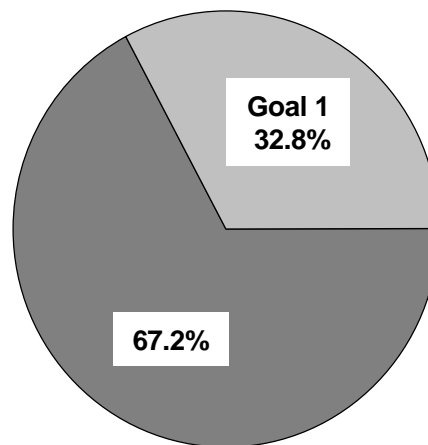
USDA Resources Dedicated to this Goal (Dollars in Millions)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Program Level	\$49,124	\$61,203	\$51,498
Staff Years	35,975	36,796	36,450

Percent of FY 2001 USDA Resources Dedicated to this Goal



Program Level



Staff Years

GOAL 1: EXPAND ECONOMIC AND TRADE OPPORTUNITIES FOR AGRICULTURAL PRODUCERS AND OTHER RURAL RESIDENTS.

The Department's commodity and income support, farm credit, risk management and related programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers. International trade and export programs promote economic opportunity by developing and protecting expanded export markets. Rural development programs provide financial and technical assistance to help individuals, local communities and rural businesses, concentrating on those with the greatest need. Other programs facilitate the domestic and international marketing of United States (U.S.) agricultural products and ensure the health and care of animals and plants, while improving market competitiveness and the economy for the general benefit of both consumers and American agriculture. Research programs help to improve economic opportunities for U.S. farmers and ranchers and protect the competitiveness of U.S. agricultural and forestry products in the global economy. USDA has placed a strong focus on outreach and targeting of programs to beginning, socially disadvantaged and small farmers in order to enhance the economic viability of these rural residents.

The 2001 performance plan includes a major new initiative to improve the Farm Safety Net. The initiative includes proposals for new legislation to enhance the farm income support provided by the 1996 Farm Bill with supplementary countercyclical income assistance payments targeted to producers actually facing reduced prices and revenues and to reform the Crop Insurance Program to provide better protection against natural disasters. These and other legislative proposals, including new and expanded conservation programs, will strengthen farm income support for those producers most in need of assistance due to depressed prices and natural disasters while also stimulating achievement of major environmental benefits through better management of our farmland. These legislative proposals coupled with actions to be undertaken using current authorities will provide \$11.5 billion in additional assistance to the rural economy over the period from 2000 through 2002. The Farm Safety Net Initiative is designed to eliminate or minimize the need for continued costly and ineffectively targeted emergency farm income and disaster assistance such as has been the case. Nearly \$15 billion in emergency farm assistance has been legislated over the past 2 years to address the continuing farm economic crisis caused by low prices, weakened exports, and losses from natural disasters. The Administration's initiative will lay the basis for more permanent and effective assistance at less cost.

Some specifics on how the Department plans to achieve Goal 1 are provided in the following three sections with more detail provided in the Annual Performance Plans for the Farm Service Agency (FSA), the Risk Management Agency (RMA), the Foreign Agricultural Service (FAS), the Commodity Credit Corporation (CCC), the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), the Grain Inspection, Packers and Stockyards Administration (GIPSA), and Rural Development (RD).

1.1: Enhance the economic safety net for farmers and ranchers.

The U.S. has about 1.9 million farms, but the number of farms is declining at a rate of about 1 percent per year. Historically, the vast majority of all farms and ranches are small. Farms are commonly classified in size groups based on the total value of their gross farm sales. Small farms, those with gross sales of \$250,000 or less, account for 97 percent of all farms and ranches, 75 percent of the total productive assets in agriculture and own 72 percent of all land in agricultural production. In addition, small farms account for 43 percent of all agricultural receipts and play an important role in the U.S. agricultural sector. The viability and sustainability of small farms is important to the nation's economy, and USDA has placed special emphasis on developing policies and programs to help small farmers to ensure that they will remain a part of American society.

In order for any farm to stay in business, agricultural production must remain a profitable enterprise that provides the farm operator household with an adequate level of income. One of the primary goals of government intervention in the agriculture market is to provide an economic safety net for farmers and ranchers that will cushion them against market fluctuations, ultimately protecting the food security of citizens in the United States and around the world. Small farms, in particular, do not have the resources to handle economic stresses such as price fluctuations and natural disasters. Yet, they are important to our nation's economy, the wise stewardship of our biological and natural resources, and the leadership and social fabric of rural communities.

USDA views the economic safety net as consisting of three parts: farm income support and commodity loan programs, risk management programs, and farm credit programs. FSA and FAS programs are financed by the CCC, and RMA programs by Federal Crop Insurance Corporation (FCIC). The following sections provide more details about these programs.

USDA's Farm Income Support and Commodity Loan Programs. The Federal Agriculture Improvement and Reform Act of 1996 significantly changed these programs by making income support payments independent of commodity prices and production levels. The Act replaced deficiency payments, which were tied to market prices, with production flexibility contract payments, which are fixed payments based on historical program acreage and yields and set by law through 2002. However, due to low prices and natural disasters, these payments were supplemented by \$5.7 billion in emergency appropriations for FY 1999, including \$2.8 billion in market loss assistance for crop producers, \$200 million for dairy producers, \$200 million for livestock assistance, \$2.4 billion for crop loss assistance, as well as assistance for honey, mohair, and other producers. Emergency appropriations were again required in FY 2000 with about \$9 billion in assistance enacted during the first quarter of the year. Government payments are estimated to be \$22.7 billion in FY 1999 and \$17.2 billion in FY 2000. The following tables illustrate the rise in government payments and decline in crop receipts over the last few years.

U.S. Farm Cash Income (in billions of dollars)						
	1995	1996	1997	1998	1999	2000 ^{a/}
Crop Receipts	\$101.1	\$106.2	\$111.1	\$102.2	\$95.1	\$93.3
Livestock	87.0	93.0	96.5	94.5	96.9	96.5
Farm Related	10.1	11.0	12.4	13.8	14.4	14.1
Government Payments	7.3	7.3	7.5	12.2	22.7	17.2
Total Gross Cash Income	\$205.5	\$217.4	\$227.5	\$222.8	\$229.1	\$221.1
Net Farm Income	\$36.0	\$54.9	\$48.6	\$44.1	\$48.1	\$40.4

a/ Figures for 2000 are estimates.

Emergency assistance provided by supplemental appropriations bolstered farm income in 1999. The continuation of large supplies and low commodity prices and less emergency government assistance account for the forecasted decline in 2000 farm income.

One particularly significant aspect of the increased direct payments being made as a result of the farm crisis is the triggering of the Loan Deficiency Payments (LDP) authorized in the 1996 Farm Bill. These payments occur when crop prices decline dramatically to levels below marketing assistance loan rates. LDPs are payments made to producers who are eligible to obtain a loan, but agree to forego obtaining a loan for a quantity of a commodity in exchange for a payment.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Loans or LDP's issued on eligible production for commodities (except sugar, tobacco and peanuts) when loan exceeded market prices.	79%	82% (P)	85%	85%

(P) Preliminary Data. Final data are expected to be available in May 2000.

The FY 2001 budget proposes legislation for the 2000 and 2001 crop years to provide \$5.6 billion in supplementary, crop-specific income assistance that will be targeted to those who need it most. Additional initiatives to improve the Farm Safety Net include the proposed extension of the Dairy Price Support Program through 2002 to maintain support for dairy product prices. The Department also proposes to maintain maximum authorized marketing assistance loan rates for the 2000 crop and institutes a new on-farm storage

loan program to facilitate farmers' marketing opportunities.

Risk Management Programs. Federal crop insurance, administered by RMA and delivered by private sector reinsured companies, is the primary means of Federal assistance for agricultural crop losses. It offers producers a choice of coverage options to meet their individual risk management needs. Catastrophic coverage is free to the producer, except for a modest processing fee of \$60 per crop, per county. Beginning in 1998, Federal crop insurance became available solely through private insurance companies that market and provide full service, including claims processing, on crop insurance policies. The program also offers revenue insurance, which offers producers protection against price declines and production losses. By participating in the crop insurance program, producers can protect themselves against loss of income that might otherwise create substantial hardship or even force them out of business. The total insurance in force suggests the amount of income protection producers would receive in the event of a total loss.

USDA will continue efforts to expand and improve programs to help producers manage risk. The Noninsured Crop Disaster Assistance Program (NAP) was established under the Federal Crop Insurance Reform Act of 1994 to provide assistance when natural disasters result in catastrophic loss of production or prevented planting of an eligible crop. Eligible crops include commercial crops grown for food and fiber, seed crops, ornamental crops, and aquaculture, for which insurance is not available. NAP expenditures are projected to increase from \$23,506,000 in FY 1998 to \$90,897,000 in FY 2001. The FY 2001 budget includes a proposal to make noninsured crop disaster assistance more accessible to producers by replacing the requirements for an area-wide loss before assistance can be made available to producers with a less restrictive disaster declaration.

	Crop Yr. 1998	Crop Yr. 1999	Crop Yr. 2000	Crop Yr. 2001
Insurable acreage insured.	67.0%	73.0%	71.5%	69.9%
Total insurance in force (billions).	\$27.9	\$30.8	\$28.8	\$30.8

The increase in insurable acreage insured for 1999 is representative of producer's premiums being discounted by approximately 30 percent as an emergency measure to address a decline in farm income. This measure encouraged producers to buy higher levels of coverage. As a result, producers enrolled approximately 20 percent more acres in buy-up coverage compared to the 1998 level. Subsequent legislation extended the discount through 2000.

Farm Credit Programs. The availability and use of credit plays an important role in the sustained profitability of farm enterprises. Although the amount of farm debt has been rising, the value of farm assets has been rising at a faster pace. Farm assets total about \$1 trillion and farm debt is about \$173 billion. Although these numbers indicate that farms have a substantial amount of equity, not all farmers share in this prosperity.

The Department's farm loan programs help farmers who are experiencing financial difficulties due to adverse market and production conditions, as well as socially disadvantaged, beginning, and limited resource farmers. FSA offers direct loans and guarantees loans made by private lenders. Eligibility is limited to family farmers who cannot obtain credit elsewhere. The portion of farm debt supplied by the Department is 4 percent, about half of what it was in 1994. Private lenders, including the federally chartered Farm Credit System, supply the rest.

Changes in market conditions impact the willingness of private lenders to make new loans. Thus, increasing numbers of farmers seek USDA program assistance during economic downturns. Production and marketing losses which many producers sustained in 1999 and prior years, coupled with projections of continuing declines in farm income problems, have caused many private lenders to be concerned about the security and repayment ability of their farm borrowers. Consequently, more private lenders are turning to the Department for loan guarantees, while more borrowers are seeking direct loan assistance because they are unable to obtain private credit, even with a guarantee. The 2001 budget includes \$4.6 billion for farm loans, which will provide for about 38,600 farm operating, ownership, and emergency disaster loans. Continuing the trend of recent years, a greater proportion of funding will support loan guarantees as opposed to direct loans. For 2001, the budget

includes \$1.1 billion for direct loans and \$3.5 billion for loan guarantees. Although the 2001 budget represents a \$1.1 billion reduction in total loan level as compared to 2000, it is a substantial increase as compared to appropriated levels prior to the provision of emergency supplemental funding in 1999 and 2000.

Currently, the Department has direct loans outstanding for about 150,000 farm borrowers, who owe a total of about \$9.3 billion and guaranteed loans outstanding to 50,000 borrowers, who owe a total of \$7.3 billion. Providing quality service to these borrowers is an important factor in avoiding delinquencies, which indicates that the borrower's operation is successful and that the Government's security interest is protected.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Delinquency rate of direct loan borrowers.	16.3%	14.2%	15.8%	14.5%

1.2: Open, expand, and maintain global market opportunities for agricultural producers.

The opening and expansion of agricultural markets has never been more important for America's farmers and ranchers. Recent changes in Federal farm policy, including those adopted in the 1996 Farm Bill, have made it clear that new and growing markets, both domestic and international, are critical to future income growth for U.S. producers. Changes in federal farm policy have made U.S. farmers and ranchers more dependent upon exports to maintain and expand their income, and more vulnerable to shifting conditions in international markets.

International Markets. Increases in world income and economic growth can help to spur demand for U.S. agricultural products. Exports of U.S. agricultural products have increased significantly in the last decade and reached a record \$59.8 billion in FY 1996. U.S. exports declined to \$53.6 billion in FY 1998 as financial problems in Asia, Russia, and elsewhere weakened world demand. Weak global demand is expected to continue in the short term, and coupled with large world supplies, is expected to lower U.S. agricultural exports to \$49 billion (estimate) in FY 1999 and increase only slightly to the \$49.5 billion (projection) level in FY 2000.

U.S. AGRICULTURAL TRADE (Billions of Dollars)						
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999*	FY 2000*
Exports	54.6	59.8	57.3	53.6	49.0	49.5
Imports	29.9	32.6	35.8	37.0	37.5	38.0
Balance	24.7	27.2	21.5	16.6	11.5	11.5
(Million Metric Tons)						
Major Bulk Commodities (Export Volume)	127.2	119.4	106.6	98.5	113.7	109.7

* Estimates/projections based on USDA's OUTLOOK for U.S. Agricultural Trade Report, dated Feb. 2000.

USDA carries out a wide range of activities designed to ensure that America's farmers and ranchers can take full advantage of emerging market opportunities. FAS leads the Department in negotiating and monitoring trade agreements, administering market development and export promotion programs, and providing exporter services and assistance. The Agricultural Research Service (ARS) and the Cooperative State Research Education and Extension Service (CSREES) undertake research activities that facilitate trade by enhancing the quality and nutritional value of foods and by generating scientific data used to eliminate unnecessary trade barriers. AMS, APHIS, and GIPSA provide commodity inspection and other technical services to exporters.

Because foreign competitors are aggressively capturing market opportunities by increasing their public and private sector expenditures on foreign market development and promotion, FAS has identified the strategic

trade issues the U.S. government and agricultural trade industry must collectively address. These include:

- The growing export promotion imbalance between the U.S. and its competitors;
- Negotiation of the elimination of export subsidies during the next round of multilateral trade negotiations; and
- Increasing exports of U.S. agriculture's high value products.

It is estimated that there are 165,000 companies in the United States engaged in agricultural production, marketing, processing, and/or distribution, but only a small portion are involved in exporting their products. If the number of companies which export their products were to increase, U.S. producers would benefit from increased sales opportunities and demand for their products in international markets. USDA market development and export promotion programs help to develop long-term trading relationships and strengthen the competitive position of U.S. agricultural products in global markets.

CCC export credit guarantee programs, the largest of the export promotion programs, provide payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees. In response to the financial crisis in Asia and elsewhere, FAS greatly expanded the programming of CCC export credit guarantees in 1998 in order to maintain access for U.S. agricultural products to those markets. Sales registrations under the guarantee programs exceeded \$4 billion in 1998, an increase of 40 percent over the previous year. These higher program levels are expected to continue in 2000 and 2001 as FAS employs the program to leverage market access and market expansion opportunities in developing countries suffering short and long-term liquidity shortages.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
U.S. commodity exports facilitated by CCC export credit guarantees (billions).	\$4.0	\$3.0	\$3.8	\$3.8

FAS is also focusing on helping U.S. exporters increase and/or maintain their share of world trade. From 1981 until the global economic crisis in 1998, worldwide trade in agricultural products expanded by almost 50 percent. While U.S. agricultural exports also grew sharply during this same period, U.S. export growth lagged that of its foreign competitors. The result was a loss of market share – from 24 percent of global trade in 1981 to its current level of 18.0 percent. FAS administers a number of programs that support development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. The largest of these is the Market Access Program (MAP). Under MAP, participating organizations are reimbursed for a portion of the costs of their overseas marketing and promotional activities. MAP participants include nonprofit agricultural trade organizations, state-regional trade groups, cooperatives, and private companies which qualify as small business concerns under the Small Business Act. MAP activities will include special emphasis on small and new-to-export agribusiness firms.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of small U.S. businesses budgeted for Market Access Program activities.	552	558	558	558

The openness of export markets depends to a great extent on our trading partners' application of Sanitary/Phytosanitary (SPS) standards. APHIS plays a critical role in minimizing the threat to plant and animal resources while ensuring that standards are science-based, and do not unduly restrict the access of U.S. products. FAS provides crucial assistance in resolving technical issues that affect U.S. agricultural exports through its international contacts in the food and agricultural markets, both in the public and private sectors. Because of the growing number and complexity of technical issues that affect U.S. agricultural exports, USDA

established a policy-level group on technical barriers to trade to improve the efficiency and effectiveness of the Department's efforts to resolve SPS issues. In 2001, FAS and APHIS will continue their efforts to resolve SPS issues that block market access and restrict U.S. export opportunities.

Domestic Markets. In domestic marketing, APHIS, AMS, and GIPSA work to promote marketing efficiency and to combat unfair practices to preserve a structure of American agriculture that promotes prosperity for producers of all sizes. Restraining agricultural concentration is a high priority. In this regard, efforts to monitor the performance and structure of the livestock, meat, and poultry industries are being expanded. In addition, these agencies are continuing their programs to develop commodity standards, conduct commodity grading, expand efforts to collect and distribute market news reports, and protect domestic agriculture from animal and plant pests and diseases.

- APHIS will continue its efforts to increase trade and marketing efficiency through the elimination of Brucellosis. APHIS expects that all 53 states and Territories will be in class "free" status by the end of FY 2000.
- AMS is implementing livestock mandatory price reporting to address livestock and meat industry concerns about the effects of packer concentration and the potential for non-competitive behavior. Mandatory price reporting will increase the transparency of market price signals for producers and others in the marketing chain. These reports will include 90 percent of the beef, 96 percent of the hogs, 84 percent of the lambs slaughtered and 80 percent of the lambs imported. AMS also will establish an extensive monitoring and review system to ensure that the information is accurate and timely.
- GIPSA is strengthening resources to investigate anti-competitive practices to ensure that firms within concentrated industries are not using market size or dominance to affect competition adversely. In addition, GIPSA is specifically analyzing the impact of market concentration on livestock and poultry producers, consistent with recommendations of the USDA Advisory Committee on Agricultural Concentration and the National Commission on Small Farms.

Research. The U.S. has one of the most productive and efficient agricultural sectors in the world, and USDA research is an important tool for improving agricultural productivity, enabling farmers to compete in international markets. USDA research advances in agricultural biotechnology can help improve crop quality and yields and reduce losses from pest damage. Scientific and technological advances in biobased products and biofuels research have created enormous potential to enhance farm income and strengthen U.S. energy security.

The FY 2001 budget includes additional funds for research to accelerate the development, conversion, and commercialization of agricultural and forestry materials in valuable biobased products and energy sources. The budget also includes measures to improve opportunities for small farmers. For example, increased funding is requested for the CSREES's Small Farms Initiative to help small farm producers gain better access to information needed to establish viable farming operations. Additional funding is also requested for the CSREES Sustainable Agriculture Research and Education program to emphasize sustainable environmentally friendly practices as alternatives to conventional farming practices on small and medium-sized farms. Increased funding for the Section 2501 grant program for outreach to socially disadvantaged farmers and ranchers will be used to provide outreach and technical assistance aimed at increasing participation in USDA programs and enhancing these farmers' success.

1.3: Provide access to capital and credit to enhance the ability of rural communities to develop, grow, and invest in projects to expand economic opportunities and improve the quality of life for farm and rural residents.

Rural America is tremendously diverse in terms of its dependence on farming and other sources of jobs and income, and its ability to reap the benefits of the Nation's economic prosperity. About 20 percent of the

population lives in rural areas, 53.9 million people in 1996. Although the trend of declining population in rural areas has reversed since 1990, most of the growth is occurring in recreation and retirement counties. Declining population is still characteristic of areas that are dependent on farming, three-fourths of which continue to have more people moving out than in.

Access to capital and credit is essential for business development, home ownership, and the creation of infrastructure to support economic and social improvements in rural areas. These areas often lack access to capital and credit equal to that of urban areas due to a variety of factors, including persistent poverty and low population density. USDA's RD programs help rural residents as well as rural businesses and communities gain access to capital and credit both through technical assistance and a wide range of financial assistance, including grants, direct loans, and guarantees of loans made by private lenders. The return on these programs include jobs as well as safe and sanitary housing, improved community services, and more opportunities for rural areas to compete successfully in the high-tech, global economy. USDA's three RD agencies--Rural Utilities Service (RUS), the Rural Housing Service (RHS), and the Rural Business-Cooperative Service (RBS)--have the lead role in providing access to capital and credit for rural America. However, a number of other USDA agencies provide support, including the Forest Service (FS), which operates an economic recovery program for communities dependent on natural resources; CSREES, Economic Research Service (ERS) and ARS, which provide research targeting more efficient production practices; and National Agricultural Statistics Service (NASS) which collects statistical data about rural areas.

In FY 2001, RUS will provide \$4.3 billion in loan and grant assistance for financing modern, affordable utilities for rural residents, RHS will provide \$6.7 billion in loans, grants and rental assistance payments to ensure that rural residents have quality housing and modern community facilities, and RBS will provide \$1.5 billion of loans and grants, plus technical assistance, to assist rural businesses and encourage the establishment and growth of agricultural cooperatives. The Budget provides support for a number of ongoing initiatives, including the Water and Waste Program, which assists in the construction of water and waste disposal systems for rural communities, especially those that do not comply with environmental laws, and the President's National Partnership for Home Ownership.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Rural electric consumers benefitting from system improvements (millions).	2.7	2.8	3.1	2.8
Rural residents receiving safe, affordable drinking water financed by loans and grants (thousands).	1,302	1,314	1,340	1,673
Rural residents receiving safe, affordable waste disposal service financed by loans and grants (thousands).	608	584	595	743
Rural families receiving home ownership loans and grants for purchase or repair.	67,691	65,721	77,653	81,519
Number of households not displaced by loss of rental assistance (number of renewals).	39,044	42,357	42,518	43,772
Jobs created or saved through RD loan and grant programs.	206,356	207,031	224,139	261,200

Note: The performance goal for jobs created or saved is a new one for FY 2000. It was created by merging the data from three former performance goals into a single performance goal. At the same

time, adjustments were made to the estimates to expand the number of loan programs included in the count in all years.

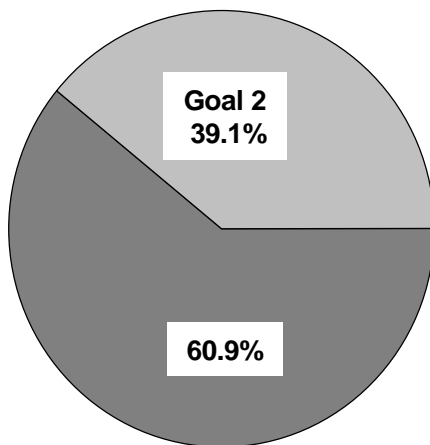
GOAL 2

**ENSURE FOOD FOR THE HUNGRY, AND A SAFE, AFFORDABLE,
NUTRITIOUS, AND ACCESSIBLE FOOD SUPPLY**

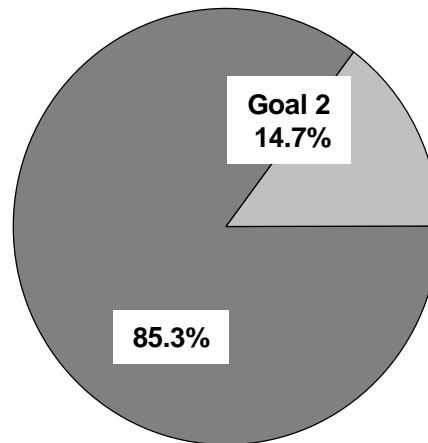
USDA Resources Dedicated to this Goal (Dollars in Millions)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Program Level	\$35,296	\$36,275	\$39,161
Staff Years	15,764	16,430	16,332

Percent of FY 2001 USDA Resources Dedicated to this Goal



Program Level



Staff Years

GOAL 2: ENSURE FOOD FOR THE HUNGRY, AND A SAFE AFFORDABLE, NUTRITIOUS, AND ACCESSIBLE FOOD SUPPLY.

USDA supports agriculture to ensure an adequate supply of affordable, safe and nutritious food. USDA also safeguards and ensures standards of quality through its grading and inspection programs for meat, poultry and egg products. So that all may share, USDA helps ensure that low-income households have access to adequate supplies of nutritious food, through nutrition assistance programs. The Department supports gleaning to recover food that charitable institutions can use to support those in need. Nutrition education is a key focus to help Americans choose a nutritious diet. Through research, USDA encourages the production and supply of safe, nutritious, high-quality agricultural products.

Some specifics on how the Department plans to achieve Goal 2 are provided in the following five sections with more detail provided in the Annual Performance Plans for FNS, Food Safety and Inspection Service (FSIS), FAS, and FSA.

2.1: Reduce hunger by assuring low-income households access to adequate supplies of nutritious food.

The Nation's nutrition assistance programs touch the lives of one in six Americans and are aimed at improving the diets of children and low-income households. Most are administered as partnerships, in which States operate programs according to Federal standards in exchange for grants to cover benefit costs, and a large portion of administrative expenses. Some of the largest programs include the following.

The **Food Stamp Program** serves as the Nation's primary nutrition assistance program. It enables nearly 18 million low-income people, over 50% of whom are children, to improve their diets by increasing food purchasing power using coupons or electronic benefits that are redeemed at retail grocery stores across the country. In 2001, the program is projected to provide an average benefit of about \$77 to over 19 million persons each month.

The **Child Nutrition Programs**, including the National School Lunch Program (NSLP) and School Breakfast Program (SBP), provide reimbursement to State and local governments for nutritious meals and snacks. In 2001, the school lunch program is projected to serve nutritious meals to about 27.8 million children each school day, with nearly 14 million children receiving meals free of charge. The Department will continue its efforts to expand the availability of the Summer Food Service program, which averages about 2.2 million participants, and the after-school snack components of NSLP and the Child and Adult Care Food Program (CACFP), in order to increase children's access to nutritious food when school is not in session.

The **Special Supplemental Nutrition Program for Women, Infants, and Children** addresses the special needs of at risk, low-income pregnant, breastfeeding and postpartum women and infants and children up to 5 years of age. It provides over 7 million participants annually with supplemental food packages targeted to their dietary needs, nutrition education and referrals to health and social services. WIC is augmented in some localities by the Farmers Market Nutrition Program, which provides fresh produce to WIC participants. The Department seeks sufficient funding to allow the program to increase participation from about 7.3 million in FY 1999 to 7.5 million in FY 2001.

The 2001 budget request:

- Funds in full these programs so that all eligibles who choose to participate may receive Federal nutrition assistance;
- Funds nutrition education and healthful eating initiatives including promotion of the *Dietary Guidelines for Americans* and the Food Guide Pyramid for children as part of an overall approach to promote the nutrition security of Americans;
- Provides the funding necessary to complete the pilot evaluation of the impact of universally-available school breakfasts on children's behavior and performance in school, as authorized by Congress;
- Restores FNS studies and evaluations funding, permitting improved analysis of program integrity

problems, technical support for policy development, and improved measures of program performance and outcomes;

- Enables increased administrative efficiency and effectiveness through modernization of antiquated equipment and systems;
- provides funds earmarked for WIC EBT development; and
- Strengthens anti-trafficking efforts and other initiatives to promote program integrity and combat fraud and abuse.

Improved Efficiency of Program Administration. The Department continues to expand the effort to improve eligibility verification and accurate benefit delivery. Benefit delivery systems are being modernized through electronic benefit transfer (EBT) to improve program management and to reduce error, waste, fraud and abuse. EBT reduces administrative costs and removes participation barriers by simplifying sales transactions at participating food stores for both merchants and participants.

The Department has ongoing concerns regarding the discrepancy between the number of children approved for free meals in the NSLP and the significantly lower number eligible for such meals. In addition, a number of Federal audits have revealed management weaknesses among home day-care sponsors participating in the CACFP. USDA recognizes the need to take additional steps to improve program integrity. Due to welfare reform changes that have created greater variability in benefits received by food stamp recipients and the greater proportion of households now having earned income, food stamp cases are more difficult to manage than ever. Consequently, error targets are set near current levels, with the hope that when program fluctuations stabilize improvements will be seen.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Percentage of FSP benefits issued via EBT.*	53%	69%	78%	81%
Improve program integrity: State FSP claims collected (millions).	\$199.6	\$213	\$211.8	\$218.2

* Based on Revised Strategic Plan

2.2: Reduce the incidence of foodborne illness and ensure that commercial supplies are safe and wholesome.

USDA places a high priority on improving the safety of the U.S. food supply through improved inspection systems, correct labeling of food supplies, research and education. The USDA FY 2001 budget includes \$27.4 million in additional funding, for a total of \$163.6 million, for the President's Food Safety Initiative, including:

- \$17.9 million to support food safety research aimed at developing the most effective means to detect and identify pathogens, minimize their presence in the food supply, and respond to outbreaks of foodborne illness;
- \$3.7 million to conduct quantitative risk assessments needed to support implementation of Hazard Analysis and Critical Control Points (HACCP) programs and to understand the potential for food safety hazards to contaminate the food supply at each step in the farm to table continuum; and
- \$5.8 million to enhance Federal-State partnerships and begin implementing the Shell Egg Action Plan.

HACCP. Over the last 5 years, USDA has sought to reduce the incidence of foodborne illness associated with meat and poultry products through the planning, development, and implementation of a new inspection system to achieve pathogen reduction through the implementation of HACCP systems. With the phased-in implementation of HACCP beginning three years ago, FSIS introduced science-based inspection practices into

a system that had not changed in nearly 100 years. Under HACCP, the industry has the responsibility for identifying and addressing food safety hazards that may occur during production and improving the sanitation of their facilities. In January 1998, approximately 300 large plants entered the program and the following year over 2,311 small plants implemented the new requirements. On January 25, 2000, the program was fully implemented when the remaining 3,371 very small plants entered the program. At this time, all meat and poultry plants have in place standard operating procedures for sanitation and HACCP systems for controlling food safety processes. All slaughter plants are testing products for generic *E. coli* contamination to ensure that they are preventing fecal contamination, and all plants producing raw products must achieve *Salmonella* performance standards.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Percentage of the total number of Federally inspected meat and poultry slaughter and/or processing plants having implemented the basic HACCP requirements.	4.8%	43.6%	99.9%	99.9%

There is evidence that improvements made by the industry and inspectors are providing valuable benefits for consumers. Data from the first 2 years of implementation of the Pathogen Reduction/HACCP rule in large and small establishments indicates that the prevalence of *Salmonella* was reduced by nearly 50 percent in chicken carcasses. In addition, data released from the FoodNet disease surveillance system indicates that during 1998, the rate of *Campylobacter* and *Salmonella* infections declined nationwide. The 2001 budget includes increases to enhance the implementation of HACCP and science-based inspection procedures. During 2001, FSIS will begin to implement new slaughter inspection models in poultry broiler plants and other processing plants that will yield inspection efficiencies but require better trained and paid staff.

Workforce Improvements. FSIS will continue to support HACCP related food safety activities by training the meat and poultry inspectors to carry out the redefined regulatory tasks and procedures and by ensuring industry and State programs understand their new roles and responsibilities. Training will be provided to employees as HACCP regulations are phased-in.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of employees upgraded and performing new HACCP-based inspection in slaughter plants.	N/A	N/A	N/A	825

Food Safety Education. FSIS, FNS, and CSREES will collaborate with other public health agencies and stakeholders to implement food safety education programs contained in the President's Food Safety Initiative. These programs are aimed at developing and disseminating safe food handling messages to producers, food handlers, and consumers to assist in reducing the incidence of foodborne disease.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of people FSIS reached with food safety information through media stories, circulation reports, Home Page visits, Hotline calls (millions).	132	83*	85	87

* Refined methodology

Legislative Proposals. USDA is seeking legislative authority that would give the Secretary of Agriculture a more complete range of enforcement tools with which to protect public health. Specifically, the proposal would authorize the Secretary to (1) stop the distribution and order the recall of adulterated and misbranded meat and poultry in situations that pose a reasonable probability of a threat to public health, (2) refuse or withdraw inspection based on any willful or repeated violation of the Federal Meat Inspection Act (FMIA) or the Poultry Products Inspection Act (PPIA), and (3) impose civil monetary penalties for violations of the FMIA or PPIA. In addition, USDA is seeking legislation to permit the interstate shipment of state-inspected meat and poultry products.

2.3: Promote gleaning and other food recovery programs.

American agriculture, one of the most productive and efficient systems in the world, produced 356 billion pounds of food for human consumption in the U.S. in 1996. Meanwhile, 37 million people lived below the official poverty level and 27 percent, or 96 billion pounds of edible food was lost to human use. Last year, through the combined efforts of Second Harvest, Foodchain, the Society of St. Andrew, and other non-affiliated groups, approximately 1.5 billion pounds of food that would otherwise have been lost was distributed. With the help and enthusiasm of non-profit organizations and the private sector and the law indemnifying donors, our goal is to increase food recovery by 33 percent, or 500 million pounds in FY 2000 over FY 1998, and by another 500 million pounds in FY 2001. The FY 2001 CSREES budget provides an increase of \$5 million in FY 2001 for competitive grants to expand community-based efforts to fight hunger, strengthen local food systems, and help low-income families move from poverty to self-sufficiency.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Billions of pounds of food rescued and distributed to needy individuals.	1.5	>1.6	2.0	2.5

The U.S. Government, led by USDA, has committed to working in concert with the international community to reduce global undernutrition by 400 million people by the year 2015. Domestically, we have committed to an equally ambitious goal: reducing U.S. household food insecurity levels to half of their 1996 levels by the year 2015. To meet that goal by 2015, we would need to see an average reduction of about 3 percent each year in the number of people who are unable to meet their nutritional requirements consistently throughout the year.

Within USDA, the Community Food Security Initiative, whose main staff is housed in Research Education and Economics, is responsible for coordinating Department-wide efforts to meet this domestic goal. Most agencies within the Department contribute to national food security in a significant way. Those with important roles include: FNS, the Center for Nutrition Policy and Promotion (CNPP), CSREES, ARS, ERS, FSA, RMA, AMS, NRCS, FSIS, RD, and the Office of Communications (OC). Each of these agencies will include specific actions appropriate to their missions that contribute to the domestic goal of halving food insecurity.

The availability of increased resources will be a significant determinant of the success of the agencies' efforts to combat food insecurity in the U.S. Improved and expanded research, food safety nets, extension, grants to community and nonprofit groups, incentives for farmers and businesses, improved rural development, improved markets in rural remote, and inner-city areas, and many other areas will require increased funding if we are to meet the goal to which we have committed ourselves. In particular, nonprofit groups have repeatedly indicated that they cannot significantly expand their activities without increased resources.

2.4: Improve dietary practices and promote a healthy, well nourished population through nutrition education and research.

Promoting healthy eating is a critical part of USDA's mission. Through FNS, the Department is working to integrate science-based education and promotion efforts into nutrition programs that lead to better food choices, and higher diet quality for program participants. In addition, USDA encourages the general public to improve their diets through the Center on Nutrition Policy and Promotion (CNPP). CNPP also prepares and disseminates nutrition-related policy guidance that is used at the Federal, state and local levels. In FY 2001:

- FNS will continue a national nutrition promotion campaign directed at children and care givers eligible for Federal nutrition assistance, and pursue its initiative to educate and inform school personnel, parents, and the general public about the importance of establishing healthy school environments that contribute to sound nutrition practices; and
- FNS, together with the Department of Health and Human Services and State Public Health agencies, will continue efforts to increase the incidence of breastfeeding among WIC mothers.

WIC's success is in part attributable to nutrition education. These efforts will be continued and improved through increased availability of nutrition education materials and State and local staff training, through the Department's websites and through interactive technology for participant nutrition education.

- Increase the utilization and effectiveness of the WIC Nutrition Services Resource System, to be established in FY 2000.

The Budget includes additional funds from within the Food Stamp, Child Nutrition and WIC Programs to provide nutrition education training and technical assistance to households and individuals, school food service workers, child care providers and nutritionists. An increase is also requested for the Center for Nutrition Policy and Promotion, for an integrated nutrition education program and a nutrition security education initiative. Further, additional funds are also requested to conduct research on human nutrition issues in six Federal laboratories and in universities with Federal grants from CSREES.

2.5: Enhance world food security and assist in the reduction of world hunger.

If all of the world's available food was divided equally, each and every person would be able to consume more than the minimum nutritional requirement of 2,100 calories. Yet, a large share of the world's population continues to experience hunger on a daily basis. In November 1996, the U.S. Government participated in the World Food Summit in Rome, Italy, where participating countries established a goal to reduce by half the number of the undernourished people throughout the world by the year 2015. USDA carries out a wide range of activities which contribute to the goal of reducing world hunger and thereby enhancing world food security. Among the most important of these activities are foreign food aid programs, which FAS administers with the assistance of FSA. These include the P.L. 480 Title I credit sales program and the Food for Progress Program. Donations of CCC-owned surplus commodities are also made under the authority of Section 416(b) of the Agricultural Act of 1949. In addition to assisting the recipient countries, these programs benefit the United States by boosting national economic activity and employment levels.

The level of U.S. foreign food assistance provided through these programs increased substantially to nearly 8 million metric tons in 1999. Donations of commodities under section 416(b) authority were at a record level as a result of the Food Aid Initiative announced by President Clinton on July 18, 1998. Under that initiative, over 5 million metric tons of wheat and wheat products were made available for donation overseas through agreements with foreign governments, private voluntary organizations, and the World Food Program of the United Nations. In addition, USDA provided food assistance to Russia during FY 1999 under a package of food assistance announced by the Secretary of Agriculture on November 6, 1998. The package included 1.4 million metric tons of commodities to be provided through P.L. 480 Title I concessional financing agreements

and Food for Progress grant agreements carried out with Title I funds. An additional 1.7 million metric tons of wheat and wheat products were provided to Russia through the President's Food Aid Initiative.

Food Aid. In 2001, FAS and FSA will continue to assist developing countries to meet their food import needs and promote sustainable economic development.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
U.S. commodity exports supported:				
P.L. 480 Title I (millions).	\$228	\$656	\$228	\$148
Food for Progress (CCC- funded) (millions).	\$84	\$72	\$101	\$88
Section 416(b) Donations (millions).	\$2	\$794	\$139.7	a/

a/ The level of Section 416(b) programming will be determined based on the availability of uncommitted CCC commodity inventory.

Agricultural Development and Research. FAS also administers technical assistance, training, and research programs which promote agricultural development in developing countries. Many of these activities are carried out with funds made available to FAS by the Agency for International Development and international organizations through reimbursable funding agreements. ARS, CSREES, ERS, Natural Resources Conservation Service (NRCS), and FS carry out research activities designed to acquire, preserve, and enhance genetic resources; develop new knowledge and technologies to increase the productive capacity and usefulness of plants, animals, and other organisms; and protect agricultural systems from diseases, pests, and the effects of extreme weather. FAS will continue to enhance agricultural development and food security in developing countries through its administration of research, technical assistance, and training activities.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of FAS-administered research, technical assistance, and training activities supporting sustainable agricultural development.	753	789	823	823

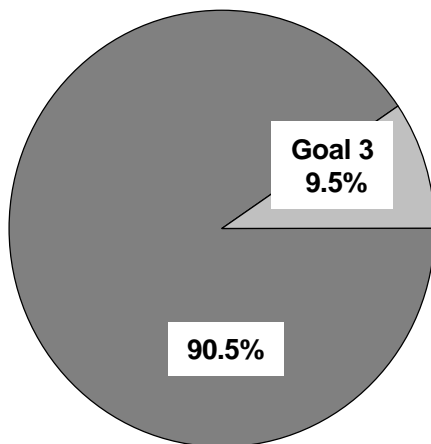
GOAL 3

PROMOTE SENSIBLE MANAGEMENT OF OUR NATURAL RESOURCES

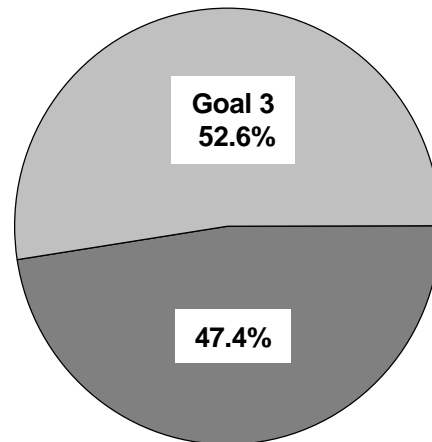
USDA Resources Dedicated to this Goal (Dollars in Millions)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Program Level	\$7,590	\$7,941	\$9,555
Staff Years	55,259	56,317	58,485

Percent of FY 2001 USDA Resources Dedicated to this Goal



Program Level



Staff Years

GOAL 3: PROMOTE SENSIBLE MANAGEMENT OF OUR NATURAL RESOURCES.

The total land area of the contiguous 48 states is approximately 1.9 billion acres with an additional 365 million acres in Alaska and a little over 4 million acres in Hawaii. The following table shows the major uses of land.

Major Uses of Land in the United States (48 Contiguous States) (millions of acres)			
	Acreage in 1945	Acreage in 1992	Net Change
Cropland used for crops	363.2	337.4	-25.8
Cropland idled	40.1	55.5	+15.4
Cropland used for pasture	47.4	66.8	+19.3
Grassland pasture and range	659.5	589.0	-70.5
Forestland grazed	345.0	145.0	-200.0
Forestland not grazed	256.7	413.7	+156.9
Urban land	15.0	58.0	+42.8
Transportation	22.6	24.8	+2.1
Recreation and wildlife areas	22.6	86.9	+64.3
National Defense areas	24.8	18.6	-6.2
Miscellaneous farmland uses	15.1	6.2	-8.9
Miscellaneous other land ¹	93.4	92.4	-.9
TOTAL LAND AREA	1,905.4	1,894.1	-11.3

¹ Includes marshes and open swamps that have very little surface use and comprise only a small portion of the Nation's wetlands, which are distributed over other land uses.

Land is the first factor of production, and land use affects both the quality of the environment and the sustainability of production. USDA's Natural Resources and Environment mission area has the dual mission of promoting the conservation and sustainable use of natural resources on the Nation's State and private lands and sustaining production of all necessary goods and services demanded by the public of the National Forests and Grasslands. The Farm and Foreign Agricultural Services mission area supports conservation goals through FSA's Conservation Reserve Program (CRP) and the conservation compliance requirements of its subsidy programs. The Research, Education and Economics mission area provides research, educational and analytical support needed by managers to make science-based decisions related to the sound use of our natural resources. The Marketing and Regulatory mission area, primarily APHIS, provides needed assistance to States and ranchers in helping to protect livestock from wildlife damage. USDA conservation programs affect cropland, grasslands and forestland, which account for over 85 percent of the total land acreage.

Some specifics on how the Department plans to achieve Goal 3 are provided in the following two sections with more detail provided in the Annual Performance Plans for FSA, NRCS, Hazardous Materials Management, and FS.

3.1: Promote sustainable production of food and fiber products while maintaining a quality environment and strong natural resource base.

Healthy cropland and rangeland are essential to the Nation's agricultural economy. Maintaining and improving the quality of the Nation's soils and plant communities can increase farm productivity, minimize the use of nutrients and pesticides, improve water and air quality, and help store greenhouse gases. USDA's activities to help landowners manage their natural resources include providing technical assistance directly to agricultural producers and other natural resources managers; sharing the costs of applying conservation

practices on lands in production; supporting temporary rental agreements and permanent easements on environmentally sensitive land; and conducting inventories, research, and technology development activities. These activities are designed to encourage sustainable use of agricultural land, protect soil, water and air quality against degradation from animal wastes, pesticides, and other potential contaminants, remove environmentally sensitive land from production and ensure its protection, and enhance wildlife habitat.

Sustainable Use of Agricultural Lands. NRCS's Conservation Technical Assistance (CTA) program serves as the foundation for much of the Department's conservation effort on private land and is the primary means for dispensing accurate technical information and services to those who need it. It not only provides technical support for the Department's cost-share and land retirement programs, but also plays a critical role in maintaining USDA's unique conservation partnership with individuals, various State and local governmental agencies, and grassroots organizations. Conservation of private lands became a larger part of USDA's activities after the 1985 Food Security Act, which required that all USDA program participants fully implement a conservation plan for their highly erodible land and wetlands in order to remain eligible for assistance. The FS, through its State and Private Forestry programs, provides conservation assistance to State forestry agencies and to non-industrial private forestland owners.

As part of the Administration's Farm Safety Net Proposal, the President's budget for FY 2001 proposes legislation for the establishment of the Conservation Security Program. This program is a conservation-based income assistance program focused on family farmers and ranchers who are good stewards of natural resources. The program is broad-based to include non-program crops and private grazing lands as well as major commodity crops. The program is a financial reward for good stewards and a significant new incentive for additional conservation activities. It provides an approach to ensure that farmers and ranchers who are protecting the Nation's valuable natural resources stay in business during economic downturns and in the event of unfavorable weather cycles.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of acres that resource management systems are applied on croplands (thousands).	Data not available	8,680	6,000	6,200
Number of acres that resource management systems are applied on grazing lands (thousands).	Data not available	7,900	5,800	6,000

Note: Performance targets are lower than FY 1999 actuals in FY 2000 and FY 2001 as a result of redirection of funds to other goals and the limitation imposed by the cap in Section 11 of the CCC charter. In addition, the FY 1999 figure is based on sample data from the first year of a new reporting system.

Protection of Environmentally Sensitive Land. The CRP, which is administered by FSA, provides landowners annual payments and cost-sharing to establish a conserving cover in exchange for retiring environmentally sensitive land from production for 10 to 15 years. It was given a broader focus in the 1996 Farm Bill to include not only soil erosion but also wildlife habitat and water quality. In FY 2001, FSA will continue to use the CRP to improve environmental quality, protect natural resources, and enhance habitat for fish and wildlife, including threatened and endangered species. FSA also administers the Conservation Reserve Enhancement Program which builds upon the CRP program by coordinating it with the goals and funding of participating states to provide financial incentives for establishment of conservation practices and the purchase of easements. As part of the Administration's Farm Safety Net Initiative, the FY 2001 budget proposes to increase the CRP enrollment cap by 3.6 million acres to 40 million acres.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Cumulative number of acres enrolled per year in the CRP (millions).	30.2	31.5	32.8	35.0
States with approved CREP agreements.	4	8	15	20

Protection of Water Quality. Agricultural production involves many activities and practices that can affect the quality of water resources under and near the field. For example, tilling the soil and leaving it without plant cover for extended periods of time results in accelerated soil erosion; the eroded soil can move into surface waters. The extent and

magnitude of agricultural pollution is difficult to assess because of its nonpoint nature. However, agriculture is reported to be a leading source of impairment of the Nation's rivers, lakes, and estuaries.

The Administration's strategy for protecting water quality is the President's Clean Water Action Plan, one goal of which is to develop and implement a unified national strategy to minimize the environmental and public health impacts of animal feeding operations (AFOs). In March 1999, USDA and the Environmental Protection Agency (EPA) jointly released the final Unified National Strategy for Animal Feeding Operations that establishes performance expectations for all AFO owners and operators and presents a series of strategies that USDA and EPA will take to address water pollution caused by AFOs. In FY 2001, NRCS will direct \$87 million in CTA program funds to help AFO operators develop and implement waste management plans. In addition, NRCS will direct \$178.5 million in Environmental Quality Incentives Program funds to AFO related activities in FY 2001.

CRP is also critical to protecting water quality. Since 1996, the CRP program has enabled participants to enroll land in filter strips, riparian buffers, and similar conservation practices.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of waste management systems assisted.	7,000	6,170	9,300	10,500
Cumulative number of miles of conservation buffers for water quality and wildlife assisted (thousands).	260	720	940	1,380
Cumulative CRP acres in conservation buffers or riparian buffers and filter strips (millions).	0.8	1.0	1.4	2.4

- Note:
1. FY 1998 data for waste management systems assisted should not be compared to future years due to a change in reporting practices.
 2. Goals for FY 2000 and FY 2001 for the number of waste management systems assisted include systems planned and systems applied. The FY 1999 actual includes systems applied only.

Management of Pesticides. The use of pesticides is an important component of agricultural production. The 1995 Cropping Practices Survey reported that 90 percent of corn, soybeans, cotton, wheat, and fall potatoes crop acreage in the surveyed States was treated with pesticides. USDA programs support the use of integrated pest management (IPM) practices. IPM is a sustainable approach to managing pests by combining biological, cultural, physical and chemical tools in a way that minimizes economic, health and environmental risks. It is a systematic approach that combines a wide variety of crop production practices with careful

monitoring of pests and their natural enemies. Overuse of pesticides can be detrimental to the environment, and pesticides are also expensive input into agricultural production. ARS and CSREES will undertake short, medium, and long-term research and technology transfer activities to support IPM demonstration projects, such as those carried out on an area wide basis and to develop immediate and longer-term pest control strategies that will be used in the future. Special emphasis will be placed on developing pest management alternatives to pesticides currently undergoing Food Quality Protection Act tolerance reassessments. In addition, NRCS provides technical assistance to help producers apply pest management systems to protect the resource base. In FY 2001, pest management systems will be installed in 3,400,000 acres.

Enhancement of Wetlands and Wildlife Habitat. Wetlands are among the richest and most productive habitats on earth. In the past, significant acreage of wetlands on agricultural land were converted to agricultural production, with resulting loss of wetlands values and functions. USDA assists in protecting valuable wetlands – temporarily under CRP contracts and permanently or under long-term easement through the Wetlands Reserve Program. In addition, participants in USDA programs are required to maintain valuable wetlands on their lands in order to remain eligible for program

benefits. Also, NRCS provides technical assistance to landowners who participate in State or locally-funded programs to preserve wetlands.

Many practices that protect soil, water, and air quality help to enhance the quality of the habitat that agricultural lands provide to wildlife. In addition, USDA provides technical and financial assistance for application of additional wildlife practices on working lands to enhance the quality of the habitat and rental agreements to remove from cropping and establish habitat on it.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Cumulative CRP acres of wetlands restored (millions).	1.3	1.4	1.6	1.7
Cumulative number of CRP acres that provide permanent wildlife habitat (millions).	3.4	3.8	4.6	5.0

Protection of Prime Farmland. USDA enters into partnership with State and local entities through the Farmland Protection Program to preserve important agricultural lands. USDA also provides State and local governments technical assistance and natural resources information, such as soils data, to help implement their farmland preservation programs. The FY 2001 Budget includes \$65 million from the Land and Water Conservation Fund, as part of the Administration's Lands Legacy initiative, for NRCS' Farmland Protection Program to address urban sprawl, protect productive farmland, and preserve open space.

Development of Conservation Tools. An important part of USDA's role in conservation of natural resources is the development of the information and technology that resource managers need in order to make sensible decisions and practice good stewardship. Many USDA agencies in several mission areas contribute to this effort. NRCS is responsible for leading the National Cooperative Soil Survey, which maps the Nation's soils, promotes the use of soil information, and develops policies and procedures for conducting soil surveys. Soil surveys provide basic information needed to manage soil sustainability and protect water quality, wetlands, and wildlife habitat. NRCS works with the research agencies to ensure that research findings are developed into practical technology and delivered to natural resources managers. NASS provides data, and ERS provides economic and other analyses on natural resource issues.

USDA is making use of electronic data management and communications technology to make its resources data and information more accessible and more useful to potential users. NRCS is digitizing soil surveys to permit more effective use of soil information in forms tailored to individual users' needs. Digitized soils data is an important part of USDA's strategy for streamlining the business processes of the one-stop Service

Centers. The funds requested for FY 2001 will enable NRCS to digitize 320 soil surveys.

ARS and CSREES provide research and education assistance to support the Department's conservation goals relating to developing environmentally sound agricultural production practices. An increase of \$23.7 million is requested for ARS in FY 2001 to promote environmentally sound production practices, improve the understanding of how climate change impacts food production and improve air quality.

3.2: Promote sustainable management of public lands; protect and restore critical forest land, rangeland, wilderness and aquatic ecosystems.

The Department of Agriculture manages approximately 192 million acres of public lands, an area slightly larger than the State of Texas, in 44 States, Puerto Rico and the Virgin Islands. These lands are known collectively as the National Forest System. The two primary objectives in this Departmental subgoal are to ensure sustainable ecosystems and to provide multiple benefits for people. On October 7, 1997, the Secretary directed the Chief of the Forest Service to develop a clear, broad-based Natural Resource Agenda for the 21st Century that is built on a foundation of science and is sensitive to the needs of local communities. On March 2, 1998, the natural resources agenda was announced. The immediate priority is to focus on maintaining and restoring the health of the land. The natural resources agenda has four emphasis areas: watershed health and restoration, sustainable forest ecosystem management, forest roads, and recreation. Along with the FS Strategic Plan, the agenda is used to establish spending, legislative, and regulatory priorities. Performance measures associated with these four areas along with a fifth area—commodities—are highlighted below.

Watershed health and restoration. The FS will restore and protect aquatic, forest land, and range land ecosystems to maintain a variety of ecological conditions, provide public services and uses, and conserve biological diversity. Field estimates show that 29 percent of National Forest System watersheds are in good condition, with 71 percent at risk or needing improvements. Within these watersheds, the FS will restore and enhance streams and lakes to improve habitat for inland and anadromous fish as well as for numerous threatened, endangered, and sensitive species. By reducing accumulated hazardous fuels through prescribed fire or other methods, the FS will reduce the risk of large, highly destructive wildfires that could adversely affect watersheds by increasing erosion, runoff, and sedimentation. The FS will also improve watershed health through its abandoned mine land program. As noted in the Clean Water Action Plan, acid runoff and releases from inactive and abandoned mines negatively affect surface and ground water in many parts of the country, by threatening public health and making streams unable to support aquatic life. Reforestation projects will improve timber stands, reduce erosion, and provide essential habitat for a number of key species.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Streams and lakes restored or enhanced for fish habitat:				
Stream miles.	1,843	2,194	2,035	2,285
Lake acres.	9,672	16,346	13,210	14,540
Hazardous fuels reduction (thousands of acres).	1,489	1,412	1,320	1,345
Land reforested (thousands of acres).	288	267	235	220

Note: FY 1998 and FY 1999 data on streams and lakes have been adjusted to include aquatic threatened and endangered species.

Sustainable Forest Management. To attain sustainable forest management on all of America's woodlands it is necessary to improve recording and monitoring of forest conditions across all ownerships and to cooperate with private nonindustrial landowners in sound stewardship practices. Two-thirds of all forested lands are

privately owned. The FS plays a vital role in promoting stewardship practices to private owners in cooperation with State and local government. The FS will conduct inventory, monitoring and research activities and will provide technical and financial support to private nonindustrial woodland owners to promote sustainable forest management. Through the Urban and Community Forest Program, the FS will also assist localities to establish, maintain, or expand urban and community forest and related open spaces that serve to support viable communities and neighborhoods.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Nonindustrial private forest lands covered by Stewardship Management Plans (thousands of acres).	1,159	1,866	1,905	1,773
Communities participating in the Urban Forestry program (number).	9,635	11,020	10,000	12,850

Recreation. The National Forest System is the largest single supplier of public outdoor recreation in the Nation. The FS accomplishes its recreation mission through the operation and maintenance of a wide array of developed and dispersed recreation opportunities; administration of recreation special uses and recreation trails; management of Congressionally designated recreation and wilderness areas and wild and scenic rivers; and through other programs such as fish and wildlife conservation. The FS will maintain and where possible improve opportunities for public enjoyment of outdoor recreation in national forests. In recognition of the difficulty of obtaining the appropriations necessary to address the increasing backlog of recreation facility maintenance and reconstruction needs, the FS is making greater use of concessionaires and is participating in a recreation fee demonstration project that allows fees to be used for recreation improvements.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Seasonal capacity available (million Persons-At-One-Time days).	201	203	210	215
Recreation special uses administered (permits).	23,000	23,792	23,700	23,000

Commodities. Historically, the FS has been an important provider of commodities such as timber, forage, minerals, and water. That role continues, but with an enhanced emphasis on keeping commodity production within the capabilities of ecosystems, adhering to operating plans that are protective of public health and the environment, and cleaning up contamination and natural resource damage resulting from past activities.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Timber volume offered (millions of cubic feet).	646	437	699	608

One-fourth of most FS receipts are shared with the States for support of public roads and schools in counties where national forests are located. As timber production on national forests has declined in recent years, receipt-sharing payments have dropped, in some cases precipitously. In the FY 2001 budget, the Administration proposes legislation that would stabilize payments and sever their dependence on commodity receipts.

MANAGEMENT INITIATIVES

PROVIDE EFFECTIVE CUSTOMER SERVICE AND EFFICIENT PROGRAM DELIVERY

An overarching principle of USDA operations is effective management of resources -- human, capital, information, and other resources. The public demands that Government operate fairly, effectively, and efficiently, and as resources become more constrained, USDA must seek opportunities to reengineer our service delivery capabilities, improve data systems and processes, provide better program management information, improve communications with the public, and eliminate inefficiencies in our general operations. It is critical that the Department makes improvements in management if USDA is to achieve its performance goals.

The four management initiatives detailed on the following pages are the Department's highest priority management activities. In addition to these, a broad range of management initiatives, including those advocated by the National Performance Review (NPR) such as procurement reform, are currently underway throughout the Department and are detailed in the performance plans of the Department's agencies and staff offices.

MANAGEMENT INITIATIVE 1: Ensure that all customers and employees are treated fairly and equitably, with dignity and respect.

Customer Service. In FY 1998, the Administration, through the NPR, launched an effort with 32 Federal agencies to increase their focus on customers and achieve results that matter to Americans. Four USDA agencies were selected: FS, FNS, FSIS, and APHIS. These "High Impact" agencies were selected because they have a direct impact on the public, and each agency set FY 2000 performance goals to improve the services they provide. Each of these agencies participated in a customer satisfaction survey during 1999 and posted scores that were comparable to many public- and private-sector organizations. For example, the Special Supplemental Nutrition Program for WIC scored second highest among the 30 high impact government programs participating in the survey and exceeded the average satisfaction rating of the private-sector organizations participating in the survey.

However, each of these agencies has plans to improve its customer service. For example, FSIS has undertaken significant change within the last five years, much of which involves implementation of the Sanitation Standard Operating Procedures and the Pathogen Reduction/HACCP regulations that will reduce the risk of foodborne illnesses caused by meat and poultry products. Other changes that are on going are directed towards improving how FSIS shares information with the public by working with other Public Health agencies and using the Internet. After reviewing the survey results, FSIS realized that it needs to improve how it communicates information directly to the public, particularly for the process of meat and poultry recalls. In FY 2000, FSIS intends to assemble a focus group to review how the Agency disseminates recall information to the general public, and if it is being done in a timely manner. In 1999, FNS sponsored a discussion between agency officials and nutrition education professionals on the future of the WIC program. Many commented after that the session was a unique and welcome opportunity to be able to comment directly to the WIC Director and staff, in an open forum. Comments from participants indicated that it felt exciting and worthwhile to provide input on a wide variety of ways in which WIC can revitalize quality nutrition services. Discussion sessions similar to this one continue to be conducted nationwide. The FS is undertaking a number of customer service initiatives, including increasing opportunities for customers to interact with the agency electronically, working with the Bureau of Land Management (BLM) to expand one-stop shopping for public land users, and working with BLM and the Park Service to expand a nationwide outdoor recreation system that gives all Americans quick and easy access for recreation use permits and reservations among the three agencies. Working jointly with the U.S. Customs Service and Immigration and Naturalization Service, APHIS has set specific performance goals for improved service.

USDA is also working to allow customers more electronic access. For example, USDA's home page provides citizens with key news and information from across the Department and allows them to link to specific agency information. USDA agencies provide a wealth of information about the Department's programs and service and routinely make reports available on line. However, the Department still has to modernize its information systems to make it easier for our customers and business partners to conduct business with us. The FY 2001 budget request for the Office of the Chief Information Officer (OCIO) includes \$2 million to support electronic commerce initiatives intended to make an electronic government a reality.

Civil Rights. In concert with the Secretary's priorities, USDA is committed to establishing an effective civil rights program to assure the fair and equitable treatment of all customers. Annual civil rights training is an important component of the Department's strategy to improve civil rights at USDA.

• **In FY 2000 and FY 2001, all employees will receive Mandatory Civil Rights Training .**

Pursuant to the Civil Rights Action Team (CRAT) and Civil Rights Implementation Team (CRIT) reports, annual civil rights training for all employees was mandated. This is one of the Secretary's highest priorities and a Civil Rights Policy has been established which requires all employees of USDA to treat co-workers and customers fairly and equitably, with dignity and respect. The Civil Rights Office has primary responsibility for leadership and oversight of all civil rights functions within USDA. Fiscal years 2000 and 2001 will be the third and fourth years of this mandate.

During FY 2000 and 2001, the training will include subjects mandated by the CRIT Report. Through this training, USDA's goal is to educate all employees as to the:

- Purpose and function of civil rights laws that assure nondiscrimination in the delivery of all USDA programs, services, and activities;
- Procedure for investigating complaints alleging unlawful discrimination in the delivery of all USDA programs, activities, or services;
- Purpose and procedures for conducting compliance reviews of federally-assisted and federally-conducted programs, services, and activities; and
- Value cultural diversity brings to the workplace, how cultural diversity assists in bettering the delivery of services, and assuring that USDA services are reaching all those intended.

Small Farms. The USDA Small Farms Program has evolved from the CRAT report released in February 1997. The report recommended changes in management, program delivery, and employment practices to address long-term bias and discrimination against minority farmers, USDA employees, and small farmers. Also, the report recommended that the Secretary appoint a diverse commission to develop a national policy on small farms. Acting on these recommendations, the Secretary appointed a National Commission on Small Farms to examine the status of small farms and to determine a course of action for USDA to recognize, respect and respond to the needs of small farms. The Commission recommended establishment of an Administrator of Small Farms Programs who would report to the Secretary and who would have the necessary high-level staff. On October 7, 1998, the Secretary announced his plan to create the Office of Sustainable Development and Small Farms within the Office of the Chief Economist (OCE). The mission of the Office of Sustainable Development and Small Farms is to promote and advocate awareness, education, and otherwise advance USDA's policies and principles relating to small farms and sustainable development at USDA, other Federal, State, local and international agencies, the private sector, educational institutions, farm and industry organizations, and community-based organizations. OCE's responsibility to coordinate the implementation of Commission recommendations through support of Small Farm Action Teams is reflected in its annual performance plan. OCE continues to coordinate USDA's effort to reach out to small, limited resource, and minority farms, as well as local communities, to ensure a better understanding of the programs and services that USDA has to offer. A Small Farms Highlights Report and a data base are being drafted to document USDA's progress toward implementing the recommendations. The intent is to load this information on the Small Farm's web site.

Outreach. Ensuring that all eligible customers have access to USDA programs and services is vital to the continued success of this Department. The Office of Outreach provides Department-wide leadership and coordination in this effort. In FY 2001, additional funding is requested to provide intensive training and management assistance to small farmers and ranchers in order to help these producers operate independently and maintain financial solvency and each USDA agency will be tasked with developing an outreach plan that adequately addresses the needs of targeted populations.

- **In FY 2000 and FY 2001, all USDA agencies will have a plan that adequately meets established criteria to address the needs of targeted populations.**

NRCS, dedicated to providing national leadership in a partnership effort to help people conserve, improve, and sustain the Nation's natural resources and environment, has new initiatives in place to address the quality of service provided to minority clients receiving assistance. The Agency will administer surveys to gather pertinent information. These surveys will target all customer types benefitting from resource assistance, such as persons, corporations, groups, and organizations. A Customer Service Team developed the policy and process for conducting customer surveys for feedback purposes. NRCS will also participate in interagency surveys of the seamless service provided through the USDA Service Centers.

In FY 2001, NRCS seeks to provide new initiatives for traditionally underserved customer groups designed to:

- Increase by nearly 40 percent the number of minority clients receiving assistance in FY 2000 under Goal 1: A Healthy and Productive Land.
- Increase the number of customers receiving planning and application assistance by 55,400 in FY 2001 beyond that of the FY 2000 level of 581,400.
- Provide initial inventory and evaluation assistance to 215,000 customers.
- Increase the number of customers receiving education and information assistance by nearly 35,000.

MANAGEMENT INITIATIVE 2: Improve customer service by streamlining and restructuring county offices.

A key objective of this Administration is to reengineer the Department's operations in a way that improves customer service and saves taxpayers' money. The cornerstone of USDA's reorganization and modernization effort is our Service Center Initiative, which seeks to streamline and collocate our county-based agencies into one-stop USDA service centers. The collocation effort was nearly completed in FY 1999 and will reduce the number of field office locations from over 3,700 to about 2,560. In FY 1999, LAN/WAN/VOICE systems were rapidly installed at the Service Centers, and as a result, nearly all of these offices now have a common telecommunications network that provides efficient e-mail, records transfer, and voice communications to support our customers. We are currently in the midst of a critical component of this initiative, the implementation of a common computing environment for the Service Centers that will optimize information sharing among agencies and improve the timeliness, efficiency, and quality of service. The Secretary is also seeking support from Congress to combine the administrative and information technology functions of the Service Center agencies to reduce duplication and better support our customers. By streamlining our office structure, reengineering our business practices, modernizing our technology, and reforming administrative processes, we will provide the seamless, timely, and respectful service that all of our customers expect and deserve. Key goals include reengineering 90 percent of service center business practices and increasing the number of counties with access to Geographic Information Systems. More details on the performance goals and accomplishments of the Service Center Modernization Initiative (SCMI) can be found in Service Center Modernization Plan of the County-Based Agencies and the SCMI's annual performance plan and report.

- **In FY 2000, USDA will begin deployment of multiple reengineered business processes.**
- **In FY 2001, about 90 percent of the Service Center business practices will be reengineered.**

- **In FY 2001, the partner agencies will reduce the customer paperwork burden by 60 percent.**

Business Process Reengineering (BPR). In the absence of Congressional approval to implement the Support Services Bureau as planned in October 1999, the SCMI is providing funding and management support in FY 2000 to deploy reengineered processes, once their deployment plans are approved. The SCMI is in the process of completing piloting of several BPR projects. Piloting for 1 BPR project, the Combined Administrative Management System (CAMS), is already completed. Phase I of CAMS is currently being deployed at field offices. Piloting for 10 other BPR projects: The Service Center Information Management Systems, electronic Access, Travel, Directives, Disaster Phase I. Resource Data Gateway, Conservation Reserve Program (Automated Forms), Customer Service Toolkit, Lending Handbook, Demographics and Business Analysis, should be completed during FY 2000. Initial deployment should begin by December 2000.

- **Provide the enabling information technology required for fully integrated Service Centers.**

Integrated Technology. In FY 2000, the SCMI will focus on completing the deployment of workstations and printers acquired during FY 1999. The SCMI will also focus on implementing a connectivity solution for USDA legacy systems to the SCMI Common Computing Environment (CCE). Multiple IBM System 36 connective solutions are currently under investigation to resolve this critical problem.

In addition, the SCMI will procure additional servers to support CAMS deployment; complete performance modeling of the Technical Architecture and analysis of investment center proposal in order to establish the Technical Architecture for the full CCE; continue analysis efforts required for expanding and maintaining the CCE technical architecture; continue to support pilot site testing by providing CCE hardware and software required for testing efforts; and acquire additional CCE workstations as needed within funding levels supported.

To allow for better public access, the SCMI also plans to acquire public access servers for Web Farms to support electronic access project between FY 2000 and FY 2001. We also plan to implement network and application servers in a limited number of Service Center office locations with full capabilities in all functions currently implemented within the SCMI, to test the technical architecture and assess the appropriate telecommunications requirements to support the architecture; acquire initial Geographic Information System (GIS) Enterprise License to support deployment and system training to the Seat Management pilot sites; and acquire software solutions to support the deployment and use of the network and application servers that are installed in the Seat Management pilot sites.

- **Integrate common geospatial data throughout service center processes to make maximum use of this resource intensive element.**

The SCMI requirement for geospatial data is an integral part of the Departmental GIS Strategy. This strategy is closely related to, and mutually supports, BPRs implementation strategy due to the central role of geospatial data in delivering services to USDA customers. The availability of geospatial data to support numerous service center business processes is paramount to realizing the potential benefits outlined in the Service Center Business Case.

In FY 2000, we plan to acquire orthoimagery for 215 additional U.S. counties, soils data for 325 additional U.S. counties, and common land unit data for 270 additional U.S. counties. We also plan to deliver demographic data to counties where GIS is implemented. In addition, the SCMI plans to complete additional climate layers of Growing Degree Days and Frost Free Season for 50 States and to complete Hydrologic Unit Boundaries for 10 additional States.

Integrated technology will reduce the redundant requests made of program participants, as well as customer office visits and ease workload for internal staff. The CCE will enable USDA to: optimize the data, equipment, and staff sharing opportunity at the service centers; overcome the extreme limitations of the current legacy systems and enhance customer service into the 21st Century.

MANAGEMENT INITIATIVE 3: Create a unified system of information technology management.

OCIO provides leadership, oversight and coordination for the Department's information technology management and technology and investment activities to support the efficient delivery of USDA programs. In conjunction with OCIO, all USDA agencies are actively involved in improvements to the Department's management of information technology.

Providing information and productivity-enhancing technology tools to support the diverse and complex programs USDA operates is a major challenge. During FY 1999, OCIO met its most critical challenge when the CIO was able to issue a press release in October, announcing that all mission-critical USDA systems were Y2K compliant.

Cyber Security - Protection of information assets and maintaining the availability, integrity, and confidentiality of USDA information technology (IT) systems and telecommunications resources are vital in meeting USDA's program delivery requirements. Networks and IT resources are becoming increasingly vulnerable to illegal and malicious penetration by internal and external sources. Because of the extent of damages that can occur in a short period of time, it is urgent that the plans, policies, and procedures are centrally developed and managed to afford the greatest challenges of today's cyber-based information infrastructure.

Capital Planning and Investment Control - Ensuring that IT decisions meet core business needs requires the engagement of the USDA community, beginning with the most senior program officials. OCIO must ensure that Department IT investments deliver a substantial business benefit to agencies and a positive return on the investment for taxpayers. In order to meet these requirements, legislation requires the establishment of an effective and efficient capital planning and investment control process. The CPIC Program will establish a process for the Department to select, manage and evaluate the results for all major investments in information technology. This process helps select investments which are based on applicable General Accounting Office (GAO) and Office of Management and Budget (OMB) guidance. The selection process incorporates OMB's "Raines Rules," which assesses investments based on their ability to meet mission needs, their cost/benefit/return profile, and the risks of the investment. The Department has been a leader in the development and use of the Information Technology Investment Portfolio System (I-TIPS) which was jointly developed by USDA and the Department of Energy, and financed in part by IT Innovation Funds. USDA is now using I-TIPS to manage information about its entire IT investment portfolio. The system supports USDA's implementation of the CPIC process.

Service Center Oversight - Over the last decade, USDA has been working to streamline and modernize the delivery of programs through the county-based delivery systems of FSA, NRCS and the RD mission areas. OCIO reviews major milestones with the agencies, conducts independent verification and validations and issues reports on the status of this effort. The oversight effort focuses on ensuring that business process re-engineering results drive technology solutions, that the technical solutions will support the business requirements and that the Service Center solutions are consistent with the Departmental IT architecture.

Information Systems Technical Architecture (ISTA) - The Clinger-Cohen Act of 1996 requires Executive Agencies to develop an information technology architecture. Specifically, the Act states that the CIO is responsible for "...developing, maintaining, and facilitating the implementation of a sound and integrated information technology architecture for the executive agency." OMB subsequently issued implementing guidance in Memorandum 97-16 titled, Development, Maintenance, and Implementation of Agency Information Technology Architectures dated June 18, 1997. The implementation of an enterprise architecture is critical to furthering the alignment and infusion of technology investments with USDA's business direction and to implement best practices for the Department. The enterprise architecture strategically couples with USDA's Capital Planning and Investment Control Process.

Telecommunications Infrastructure - Three GAO telecommunications audits concluded that USDA is in

violation of the FMFIA and recommended that management of telecommunications be reported as a material weakness to the President and Congress until the telecommunications problems are fixed. A pilot project was initiated to test a comprehensive telecommunications management software package. It was determined that this software package did not meet the needs of USDA. With the introduction of Web based applications, it is now necessary to reassess the business processes required for managing telecommunications. The Department has contracted with a vendor to identify the best practices of both industry and Government to determine how USDA can implement a state-of-the-art solution. This solution will provide the information necessary to identify opportunities for sharing telecommunications services and equipment. An action plan is being developed to realistically identify a timeline and resources required .

The National Information Technology Center (NITC) will continue to be a leading innovative technology services organization, experienced in providing quality and cost-effective services for centralized and distributed computing, and application support. This includes supporting the ISTA by developing and offering the expertise necessary to assist in migrating USDA to the new architecture. NITC is committed to improving customer service quality by taking an aggressive approach to problem resolution, improving technical communications, centralizing the customer help desk and developing good customer service skills.

MANAGEMENT INITIATIVE 4: Improved financial management and reporting.

Sound management of our programs requires systems that can produce accurate, timely, and reliable financial management information, as well as trusted advice and counsel in financial management. The mission of the Office of the Chief Financial Officer (OCFO) is to shape an environment in which USDA officials have and use high quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

Through leadership, policy development and oversight, OCFO will promote sound financial management throughout USDA. Funding is included in the FY 2001 Budget to strengthen OCFO's ability to lead, assist, and monitor the Department's financial management activities. These funds will help OCFO ensure that sound business practices are established, that valid and reliable data are available to support decision-making processes, and that financial expertise is available to all component agencies. These funds will also support the OCFO's responsibility to certify that the Department is compliant with all Congressional mandates, relevant laws and regulations regarding financial management.

Financial Statements. Of primary importance is achieving an unqualified audit opinion on the Department's consolidated financial statements and agency specific financial statements. An unqualified audit opinion provides assurance that the financial systems which underlie the financial statements are sound and generate consistent, reliable, and useful information.

- **In FY 2000, USDA will produce timely financial statements for FY 2000 and receive an unqualified opinion on 5 of the 6 individual agency statements. The determination of an unqualified opinion will not be made until the statements are audited in FY 2001.**

The OCFO is working towards the goal of achieving an unqualified opinion on the FY 2001 consolidated statement which will be audited during FY 2002.

Foundation Financial Information System (FFIS). A major focus of achieving an integrated financial information system is the implementation of FFIS. The first implementation occurred in FY 1998 for OCFO followed by RMA in FY 1999. On October 1, 1999, OCFO implemented FS and FSIS. Based on the success of these implementations, the Secretary has directed that the implementation schedule be accelerated. In addition, the Financial Data Warehouse (FDW), which is intended to provide corporate information and reporting and consolidated financial statements, is under development. The FDW will "warehouse" and merge the financial information from FFIS, program systems (e.g., loans) and administrative systems (e.g., procurement).

- **In FY 2000, USDA will work toward converting RD, FSA, NRCS, and APHIS into FFIS on October 1, 2000.**

Financial systems, and the financial portion of mixed systems, developed by USDA agencies will be in compliance with Departmental standards so they fit into the integrated financial information system. The full implementation of FFIS will provide timely, reliable financial information for preparing financial statements, resolving many of the problems causing adverse audit opinions.

Management Controls. Effective management controls are an essential element of Departmental efforts to protect assets and conserve scarce resources. The evaluation of the adequacy of management controls is primarily determined by FMFIA reviews by management and audits issued by OIG.

- **In FY 2001, USDA will increase the percent of audit deficiencies where corrective action is proceeding as scheduled.**
- **In FY 2001, USDA will increase the percent of FMFIA internal control deficiencies where corrective action is proceeding as planned.**

Other projects underway, including the development of cost accounting standards, modernized methods of payment and collection, and improved processes for administering grants and agreements with non-Federal organizations, will improve stewardship of USDA resources and strengthen management accountability.

Corporate Systems Strategy. The Chief Financial Officer, the Chief Information Officer, and the Assistant Secretary for Administration are working with the USDA agencies to develop a corporate strategy for Department-wide administrative/financial systems including accounting/budget execution and formulation functions, procurement, property, human resources, travel, and the associated telecommunications security. USDA needs to re-engineer its outdated, inefficient, costly, and redundant administrative systems to better meet customer needs and provide quality data and information to USDA managers, the Congress, and our constituents. The FY 2001 budget provides additional resources to help OCFO attain the following objectives: (1) compliance with Federal laws, regulations, and requirements pertaining to debt collection, audit, cost accounting, the establishment of fees, and non procurement debarment and suspension/drug-free workplace; (2) implement a financial information architecture that fully complies with Federal requirements; and (3) participate as a key player in Government-wide efforts to continually improve financial information requirements.

The Annual Performance Plans embody what we are about at USDA and contain the strategies to accomplish our goals. Attached are the details of each agency's plans for FY 2001.